

# The Contribution of Micro and Small Enterprise to Economic Growth in the Case Study of Goba Town

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**Abstract:** *This study was focused on the contribution of micro and small enterprise to economic Growth in Goba town. The main objective of this study is to examine the contribution of micro and small enterprise to answer the mention and objectives the study used both primary and secondary sources of data these primary data were collected through questionnaires and interviews, whereas secondary data collected from published and unpublished materials, books and internets. The method of sampling I used was simple random sampling. In order to analyze and present the data collected from different parts, the researcher used descriptive type of data analyze through percentage and table. Finally contribution of micro and small enterprise are imported once of Economic growth*

**Keywords:** Micro and Small Enterprise play a key role Economic growth of the country

## 1. Introduction

In many countries, there is now a wide recognition of the contribution of micro and small enterprises (MSE's) to economic growth. In a cross section of both developed and emerging economies. The contribution of the micro and small enterprise sector to total employment, entrepreneurship and innovation cannot be underestimated.

In every economy micro and small enterprise contribute to the gross notational product (GNP) and to creating work places often specialized in areas that big enterprise are not interested in. They are very flexible and can create quickly to the change in the environment. Their functioning is strongly influenced by the person of the old, his management experience and knowledge of business. Micro and small enterprise often run their enterprise themselves relying on their skills of recognizing and taking advantage of opportunities and chances. Micro and small enterprise play a particularly important role in the areas that are hardly attractive for longer enterprise (Janik 2008).

From the perspectives of developing countries, micro and small enterprise have a number of advantages that make that interactive in accelerating economic growth. Micro and small enterprise is fairly labor intensive, employment opportunities are generated with a relatively low capital cost a factor with a relatively low capital with limited supply in many developing nations. The utilize raw material and labor intensive technology that is domestically available policies and programs can be put in place to encourage the development of this industry in different part of the country, thereby reducing the concentration of enterprises in certain areas and promoting balanced economic growth. (Fasika and Daniel 1997).

The contribution of micro and small enterprise (MSE's) to economic growth within Ethiopian context, despite the potential contribution of the MSE's to poverty reduction and employment creation the government had not until very recently, extended adequate support to the development assessment of the sector.

Today there has not been an independent assessment contribution of the MSE's development strategy to poverty reduction. Job creation and business growth either at the federal or regional levels (Gebrehiwot Algebra 2005)

## 2. Statement of the Problem

Micro and enterprise have a significant position in providing employment, stimulated economic computation produce good and service efficiently, provide foreign exchange earnings and they play a vital role in the economic growth of the country. It is widely accepted that micro and small business enterprise play a crucial role in socioeconomic development of the country as a means of generating sustainable employment and income.

In addition to this micro and small enterprises helps individuals who unskilled how to become skilled and reducing the poverty by providing different job opportunity and make a contribution of family income. Country like: Ethiopia Micro and small business enterprises is the backbone of the economy, such as income generation reduce unemployment, reducing poverty utilize of resource and helps socio economic development by providing basic goods and services for local consumption (Gebrehiwot 2003). However, contribution of micro and small enterprise to economic Growth is subject to study. Moreover the contribution of micro and small enterprise to economic Growth in Goba town yet not studied Therefore; the research should be conducted to investigate these issues based on the following questions.

### 2.1 Research Question

- What is the role of Micro and small enterprises for word to economic growth in Goba town?
- What is the contribution of Micro and small business enterprises to reduce poverty in Goba town?
- What is the role of Micro and small business enterprises to reduce unemployment in Goba town?
- What is the contribution Micro and small business enterprises to improve the life style of Goba town?

**2.2 Objective of the Study**

**2.2.1 General Objective**

The general objective of the study is to examine the contribution of Micro and small enterprises to economic growth in the Goba town.

**2.2.2 Specific Objective**

- 1) To examine the contribution of Micro and small enterprises to reduce poverty.
- 2) To analyze the contribution of Micro and small enterprises to improve the life style of Goba people.
- 3) To identify the importance of the micro and small enterprises forward to economic growth in Goba town.
- 4) To assess the role of Micro and small enterprises to reduce unemployment.

**2.3 Research Methodology**

**2.3.1 Research Design**

The type of Research used in this study was descriptive research. The purpose of the study was to identify the contribution of micro and small enterprises to economic growth in the town.

**2.3.2 Source and Type of Data**

The research would have used both primary and secondary data type. The primary data would be the information collected through questionnaires and the owner of micro and small enterprise.

Secondary data were collected from organizational documents, historical data from the internet, published and unpublished materials and books.

**2.3.3 Method of Data Collection and Instrument**

The study used questionnaires methods of data collection and the questionnaires would be both open ended and close ended questions.

**2.3.4 Sample And Sampling Procedure**

The sampling technique carried out by stratified random sampling along there are 219 micro and small business enterprises in Goba town & the enterprises would be grouped into (5) five sectors. The researcher selected 80 sample size by using the proportional method, the researcher takes 18 respondents from manufacturing, 12 (from construction, 16 from trade, 10 from service and 24 respondents from agriculture). In order to identify the sample of the total population stratify sampling technique was used the table.

**Table 1.1 the proportional of the sample size**

Sector	Population	Sample size	Percentage
Manufacturing	361	18	22.5%
Construction	167	12	15%
Trade	225	16	20%
Service	250	10	12.5%
Agriculture	386	24	30%
Total	1289	80	100%

According to the table the researcher has selected 80 people of the total population of all selectors taken.

**2.3.5 Data Presentation and Analysis**

The collected data for the study was analyzed through questionnaires and observation method. The data for the study describe through descriptive way of data analysis by using statistical tools with percentage and tables.

**2.3.6 Significance of the Study**

When this study is conducted, it will help with the first hand the result of this study is valuable for the office of micro and small enterprises in Goba town and other similar organization by identifying the contribution of micro and small enterprises to economic growth, Secondly it is important for the societies who lived in Goba town by giving sufficient information about micro and small enterprises. Finally, this study will be used as a benchmark for those who are interested to conduct its further study in the same or related topic.

**2.4 Data Presentation, Analysis and Interpretation**

**Table 2: Sectors of Respondents Engaged**

In which industry is a business	No of respondents	Percentage
Construction	10	15%
Service	8	12%
Trade	10	15%
Manufacturing	18	28%
Agriculture	20	30%
Total	66	100%

Source: (survey data)

The above table shows that out of 66 respondents 10 (15%) of respondents engaged in construction, 8 (12%) of respondents were engaged in service, 10 (15%) of respondents were engaged in the trade sector, 18 (28%) of respondents were engaged in manufacturing sector and 20 (30%) of respondents were engaged in agriculture sector. Since we have to understand that the large proportion of the member was engaged in agriculture sectors.

**Table 3.4: Having training from MSE office**

Do you have training from MSEs office	No respondents	Percentage
Yes	10	86%
No	16	24%
Total	66	100

Source (questionnaire)

As seen from the above table out of 66 respondents 10 (86%) of respondents were have taken training from MSE office and 16 (24%) of respondents were having no taken training from MSEs office. From this result, we understand that almost all of the members have taken the training.

**Table 3.5: Having documented of the business plan**

Do you have a documented business plan	No respondents	Percentage
Yes	40	60.60%
No	26	39.40%
Total	66	100

Source: questionnaires (survey data.)

Table 3.5 shows that out of 66 respondents 40 (60.60%) of respondents were having a documented business plan 26 (39.40%) of respondents were having not documented

business plan. From this we understand the most of the members of MSE were having good awareness toward the use of the business plan

**Table 3.6:** Factors you decide to start your business

Why did you decide to start your own business?	Number of respondents	Percentage
Monetary reward	25	38%
Make social contribution	21	32%
More innovative thinking	20	30%
Total	66	100

Source: questionnaires (survey data)

As illustrated in the above table out of 66 respondents 25 (38%) of respondent that their initiation factors you decide to start their own business is monetary reward 21 (32%) of respondent were making a social contribution and 20 (30%) respondents were for the sake of more innovative thinking g.

**Table 3.7:** Source of finance

What is the source of finance to start your business?	Number of respondents	Percentage
Personal saving	15	23%
Assistance	3	5%
NGO	8	12%
Micro finance institution	30	45%
Bank	10	15%
Total	66	100

Source: - (questionnaire)

The above table show that out of 66 respondents 30 (45%) of respondents has gotten finance from a micro finance institution by loan and 15 (23%) of respondents were operated by personal saving. The remaining 15%, 12%, 5% bank, NGO and assistance respectively. From this the researcher described the financial micro institution is the most important source of finance.

**Table 3.8:** Changes after coming to MSE

What type of change did you see, offer coming to MSE'S	Number of respondents	Percentage
Economical change	36	56%
Social change	25	38%
Others	4	6%
Total	66	100

Source questionnaire: - (survey data)

The Table show that out of 66 respondents 36 (56%) of respondents were responded that they get economic change 25 (38%) of the respondents were get social change after coming to the enterprises 4 (6%) the change of economical and social. From these results the researcher understands that the majority of the members of MSEs get economic change after coming to MSEs

**Table 3.9:** Future plans regarding your business

What is your future plan regarding to your business?	Number of respondents	Percentage
To expend	50	75%
To change	16	24.24%
To stop		
Total	66	100

Source questionnaire (survey data)

As seen from the above table 3.9 out of 66 respondents 50 (75.76) of responded that to expand our business, 16

(24.24%) of respondents here to change our business. As indicated from the above table the majority of the members of MSEs get economic change after coming to MSEs.

**Table 3.10:** factor affecting the success of the MESs

What factors affecting the success of the MESs?	Number of respondents	Percentage
Availability of market	15	23%
Skilled workforce	24	36%
Availability of capital	17	25%
Good business	10	15%
Total	66	100%

Source of questionnaire (survey data)

From the above table of 66 respondents 15 (23%) of respondents responded, 24 (36.60%) of respondents responded skilled work force were exec dent contributor, 17 (24.20%) of respondents the responded availability of the capital and 10 (15%) of respondents responded good business network.

From this result the researchers understand that skilled workforce and availability of capital was the good contributors to the business success.

**Table 3.12:** MSEs solve economic problem

How much do as the MSEs solve economic problem?	No respondents	Percentage
To great extent	35	53%
To some extent	25	88%
To less	6	9%
Total	66	100%

Source (survey data)

From the above table 3.11 out of 66 respondents 35 (53%) of respondents responded to a great extent, 25 (38%) of respondents responded medium and 6 (9%) of respondents responded. From this result the researchers understand the majority of the members of MSC are solved economic problem.

**Table 3.12:** benefit of MSEs

What benefit are you getting from MSEs?	Number of respondents.	Percentage
Economic Benefit	25	38%
Knowledge about business	20	30%
Attitudinal change	12	28%
Others	9	14%
Total		

Source: (survey data)

As table 3.12 shows that out of 66 25 (38%) of economic benefit 20 (30%) respondents respond knowledge about business 12 (18%) and 9 (14%) respondents responded attitudinal and others respectively from this research understand the majority of member are MSEs change economic benefit.

## 2.5 Role of MSE in unemployment reduction

MSE plays significant role in creating job opportunity for the people those who are unemployed the following table how the role of micro and small enterprise reducing unemployment and improve like style.

**Table 3.13:** Role of MSEs in the town

Item	Alternative	Number of respondents	Percent
Do you think that MSE reduce poverty?	Yes	56	85
	No	10	15
	Total	66	100
What is the role MSE?	Poverty reduces	20	30
	Reduce in employment	18	28
	Create job	16	24
	Improve life style	12	18
	Total	66	100
MSE play role reducing unemployment	Strongly agree	40	60.5
	Agree	20	30
	Disagree	6	9.5
	Strongly agree		
	Total	66	100
Do you think that the contribution of MSEs improve the life style?	Yes	60	90
	No	6	10
	Total	66	100

The table 3.13 out of 66 respondents 56 (85%) of respondents that their MSE's more efferent than others in reducing unemployment, whereas 10 (15) of the respondents said their MSE's Nat efficient than others in reducing unemployment. According to respondents they create job opportunity for example to initiate others by increasing in size of the organization paying equivalent wagger salaries creating new job etc.

As it is indicated in table 3.13 the majority of respondents are poverty reduction, reduce unemployment, create jobs and improve lifestyle. From this result understand the researchers all are important of the town.

According to the table out of 66 respondents 40 (60.5) of respondents responded strongly agree 20 (30%) of respondents responded agree 6 (9.5%) of respondents responded disagree from this result shows the MSEs are playing role in reducing unemployment in Goba town.

According to the table 3.13 out of 66 respondents 60 (90%) of responding yes, 6 (10%) of respondents responded no. from this result the researchers understanding the contribution of MSEs improve like the style of Goba Town people.

### 3. Recommendations

Depending on the outcome /result of the findings the researchers recommend and suggested the following main point.

- In order to get the benefit comes from macro and small enterprise, the office of small business enterprise must be much the participation of males and females in this business.
- Encourage the small enterprise where they got maximum profit, according to their profession e.g. a person who work in agriculture must have the knowledge about agriculture and the like.
- To inform the people about the contribution of micro and small enterprise in the development of the country, the importance of this business for individual person, Group as well as nations.

- Change the negative attitude of peoples towards to positive attitude by supporting the education about the profit and benefit of micro and small enterprise
- Positively accept the idea of participants and tolerate for his/her mistakes and change or scope that person by consulting and advising him.
- Coordinate peoples in order to achieve the government policy interns of micro and small enterprises
- Benefit society by giving different similes such like as, facilitate infrastructure, contracting reads expanding market, providing adequate finance and credit for the purpose of micro and small enterprise increase and standardize the price of commodities that comes from the result of micro and small enterprises.
- Goba town administration and macro and small enterprise office should support and follow small business enterprise

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